

## **FINANCE COMMITTEE**

### **MINUTES**

The Finance Committee/Full Council Meeting of the City of Willmar met at 5:15 p.m. on Thursday November 21, 2019, in Conference Room No. 1 at the City Office Building.

Present:	Audrey Nelsen	.....	Chair
	Rick Fagerlie	.....	Member
	Andrew Plowman	.....	Member
	Julie Asmus	.....	Member

Others present: Mayor Marv Calvin, Council Member Shawn Mueske, Council Member Fernando Alvarado, Council Member Vickie Davis, City Administrator Brian Gramentz, Finance Director Steve Okins, Fire Chief Frank Hanson, and Airport Manager Eric Rudningen.

#### **Item No. 1**      **Call to Order**

The meeting was called to order at 5:15 p.m.

#### **Item No. 2**      **Public Comments**

There were no Public comments.

#### **Item No. 3**      **Recommended Action Items for the Council**

##### **Dovre Township Fire Contract – (Resolution)**

Dovre Township is under an annual contract for Willmar Fire Department services which expires December 31, 2019. A statewide formula has been used for decades to calculate the Township cost-sharing proposal. This formula is based on prior year information including the market values in the Township, the number of fire calls, and the number of fire fighters responding. A five-year history of the annual contract amounts was provided. It was noted that the proposed 2020 contract, in the amount of \$20,838.08, is down from previous years since there were no firefighter hours accumulated in 2018.

It was moved to recommend by Council Member Fagerlie and seconded by Council Member Plowman to introduce a resolution authorizing the Mayor and City Administrator to execute the 2020 Fire Protection Agreement with Dovre Township for \$20,838.08.

##### **Adjust Boike Ag Lease – (Tabled)**

Agriculture land leases at the old airport site were executed for 2019-2022 in the Fall of 2018. Shortly thereafter, the Willmar WYE Project began moving forward and many of the tracts that had been leased out were adversely affected. These leases are held by Justin Boike who has been reimbursed for lost productive land. However, staff feels that the tracts have been significantly affected and now should have a revised value per acre. Management proposes adjusting the bid for these leases to an average of \$171 per acre over the four-year term, with \$161 charged for 2019-2020 and \$181 charged for 2021-2022. Concerns were raised about adjusting all the tracts involved to the same amount per acre when the initial bids received varied by tract. It was suggested that a map encompassing a larger area of the land in question be provided to enable the Council to review the applicable impact of the WYE on these parcels. It was the consensus of the Committee that this matter be tabled until the next Finance Committee Meeting so that more detailed information can be provided and reviewed.

#### **Item No. 4**      **Discussion Items for the Council**

Staff explained that there are two proposals for the 2020 Tax Levy: One is the amount initially proposed by the Mayor in the amount of \$5,776,821; the other one utilizes the council-adjusted proposal of \$5,924,657. Examples were provided reflecting how the increases would impact residential property for the City tax portion only.

New expenditures proposed for 2020 include the Carris Health Debt Service of \$3.7 million, some of the Local Option Sales Tax Projects of \$9.8 million, City Hall of \$8.5 million, Community Development Block Grant through the HRA of \$3.3 million, and two additional positions of Assistant Fire Chief and an additional Accounting Clerk. The council has previously addressed the 35% increase in health insurance which was originally placed in the Non-Departmental section of the Budget and has now been shifted to each applicable Department.

Options for the Council to consider include reducing the additional levy of \$147,836, removing the gas franchise fees of \$245,000, use of 2019 Capital Excess of \$165,105, removal of the Police Robot and Fire Gear Dryer for \$29,000, removal of the Assistant Administrator position \$150,621, removal of the Barn Theatre Civic Request \$15,000, and some department labor adjustments. Other items for discussion include using Undesignated Funds for Swansson Field Lights of \$315,000, Unfunded Capital Improvements for the Auditorium of \$1,350,000, Civic Center of \$350,000, Swansson Field Lighting Replacement of \$660,000, and Fire Department of \$242,000.

The Truth In Taxation Hearing is scheduled for the Council Meeting on December 2, 2019, at which meeting the levy needs to be approved and a 2020 balanced budget needs to be approved.

Civic Requests were reviewed noting direction to remove the Barn Theatre. It was the consensus of the Committee not to fund any of the new requests, including the Barn Theatre's request, which results in the total to be funded in 2020 of \$82,607.

The \$4 Utility Fee was briefly reviewed, noting that there can be no changes to this in 2020 but that it will be addressed for the 2021 budget. Council Member Mueske reiterated that this fee must be discussed next year, noting that as a fee charged on utility billings, it needs to be clarified as to its use.

The Public Works Reserve Fund was briefly discussed noting it is the intention to zero that fund out in 2020.

The 2020 Street Improvement Program details have been reviewed during previous meetings.

The Center Point Franchise Fee was discussed with City Administrator Gramentz explaining that utilizing this revenue to fund right-of-way improvements specifically would be a sound option, should the Council decide to invoke this fee for the 2021 budget. Mayor Calvin noted that the Council first discussed this fee several years ago and that this is the third time he has proposed this as a revenue source; subsequently he would like some direction for 2021. Staff explained that franchise fees can be implemented at any time during the year, establishing the dollar amount at that time as well.

Council Member Plowman expressed concerns that every effort should be made to implement new fees and taxes in phases rather than all at once in order to alleviate dramatic increases to the consumer. Further, new fees should be dedicated to a specific expenditure.

Council Member Plowman left at this time 6:00 PM.

The Undesignated Balance of \$800,000 was discussed in length. In the beginning of the 2020 Budget process, there was a total of \$870,000 in Undesignated Funds available. Of that amount, \$70,000 is being applied toward insurance and salaries and \$315,000 is proposed for the Swansson Field Lights leaving a balance of \$485,000 as undesignated. It was noted that \$250,000 for the Auditorium has been left on the CIP

list; subsequently, if the Council so chooses, the remaining total of undesignated funds could be earmarked for the Auditorium as well which would bring the total available for the Auditorium to \$735,000. There was a brief discussion on the possibility of contracting with a qualified entity to prepare a plan for preserving/improving the Auditorium. It was the consensus of the Committee to leave the \$485,000 as undesignated at this time.

The Capital Improvement Program was discussed briefly.

Removal of the Assistant Administrator was addressed by the City Administrator. Succession planning would dictate having an Assistant City Administrator. It was mentioned that the decision for establishing this position be deferred until a permanent Administrator is in place.

It was the consensus of the Committee to leave the Assistant Fire Chief and Accounting Clerk funding in the 2020 budget. It was noted that further discussion will take place on both positions prior to implementation.

### **2020 Budget Recommendations**

#### **2020 Property Tax Levy Certification - (Motion)**

It was moved to recommend by Council Member Fagerlie and seconded by Council Member Asmus to adopt the 2020 Tax Levy at the 1 mil rate for a total of \$5,776,821.

#### **2020 Total Budget Balancing - (Motion)**

It was moved to recommend by Council Member Fagerlie and seconded by Council Member Asmus to approve the Mayor's Proposed 2020 Balanced Budget as discussed at this Finance Committee Meeting.

There being no further business to come before the Committee, the meeting was adjourned at 6:41 PM by Chair Nelsen.

Respectfully submitted,

A handwritten signature in cursive script that reads "Carol Cunningham".

Carol Cunningham  
Accounting Coordinator